

2007-2008 PERFORMANCE PLAN – Sr. Investment Officer / Fixed Income (C. Ishii)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 st Quarter Status
45%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal—CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5	+ 2 bps
25%	CalPERS Total Fund Performance	Net of Fees, excess return in basis points relative to total fund performance benchmark. Comp-PERS Total Fund All Portfolios- CalPERS Policy Index (Daily) {SJ1CA1 – CPERSTO2}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	+ 8 bps
5%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (2%) High Quality LIBOR Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW3X – CPERLFFD} (1%) Short Duration Fund – CalPERS Blended Libor Fed Fund Index (Daily) (SW9D – CPERLFFD) (1%) CalPERS Internally Managed Short Term - State Street STIF net of fees {SJ10 – Y8K2} Excess return in basis points relative to: <ul style="list-style-type: none"> (1%) Commodities – [A combination of 90% (Goldman Sachs Commodity Index – Excess Return (GSCI – ER) minus cost of swap fees (25 basis points) + 100% (three month Treasury Bill returns rebalanced quarterly). Based on a neutral allocation of \$500 million]. {SWFP – PERSGSC} 	0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 + 5 basis points = 1.0 +10 basis points = 1.5 0 basis points = 0 +80 basis points = 1.0 +120 basis points = 1.5	- 13 bps - 61 bps 0 bps - 6 bps
5%	Internal Passive Currency Overlay Management	Net of Fees, return in basis points relative to: Passive currency overlay portfolio – PERS Pareto CCR {SW5PB – YET2}	-50 basis points = 0 -30 basis points = 1.0 -20 basis points = 1.5	- 2 bps

2007-2008 PERFORMANCE PLAN – Sr. Investment Officer / Fixed Income (C. Ishii)

Quantitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 st Quarter Status
5%	Active International Fixed Income Managers	Net of Fees, excess returns in basis points relative to: Aggregate of the International Fixed Income Managers - CalPERS World Govt X US: {SJDCA1 – CALWGXU2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5	- 8 bps
85%	Subtotal	Quantitative Measures		

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 st Quarter Status
15%	Leadership	Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include: <ul style="list-style-type: none"> • Within Investment Group (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g., involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) • Diversity (e.g., promote meaningful diversity among our investment partners and staff) • Succession Plan (e.g., training and developing strong internal candidates to potentially fill my role in the future) 	Score (0 – 10) 0 = 0 5=1.0 10=1.5	Attended Lehman Brothers U.S. Index Advisory Council as well as Fixed Income Forum.
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		